

REDSTAR GOLD CORP.
(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the period ending June 30, 2011

(Unaudited – Expressed in Canadian Dollars)

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REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Balance Sheets
(Unaudited – Expressed in Canadian Dollars)

	Notes	June 30, 2011	March 31, 2011 (Note 16)	April 1, 2010 (Note 16)
ASSETS				
Current assets				
Cash and cash equivalents		\$ 52,236	\$ 77,946	\$ 97,562
Marketable securities	6	82,001	141,000	843,600
Accounts receivable		56,276	61,882	3,483
Prepaid expenses and advances		45,983	42,157	31,700
		236,496	322,985	976,345
Non-current assets				
Deposit		7,428	7,428	7,428
Mineral property interests	7	2,716,764	2,292,903	2,146,352
Property and equipment, net	8	41,747	44,116	60,955
		2,765,939	2,344,447	2,214,735
TOTAL ASSETS		\$ 3,002,435	\$ 2,667,432	\$ 3,191,080
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities		\$ 123,075	\$ 17,751	\$ 55,069
Due to related parties	11	549,909	392,629	330,925
Loans payable		171,355	0	0
		844,339	410,380	385,994
SHAREHOLDERS' EQUITY				
Capital Stock	10	11,982,840	11,697,716	11,476,909
Contributed Surplus		1,341,687	1,300,448	1,145,976
Accumulated Other Comprehensive Income		(6,125)	45,499	182,700
Deficit		(11,160,306)	(10,786,611)	(10,000,499)
TOTAL EQUITY		2,158,096	2,257,052	2,805,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,002,435	\$ 2,667,432	\$ 3,191,080

Nature of Operations and Going Concern (note 1)
Commitments (note 15)
Subsequent Events (note 17)

Approved on behalf of the Board:

"Scott Weekes"

"Douglas A. Fulcher"

Director
Scott Weekes

Director
Douglas A. Fulcher

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Notes	Three month periods ended	
		June 30, 2011	June 30, 2010 (Note 16)
Expenses			
Contract wages	11(a)&(c)	\$ 85,728	\$ 68,656
Travel and promotion	11(a)	64,565	71,195
Investor relations	11(a)	18,480	51,480
Share-based payments	10(d)	58,362	18,347
Rent	11(a)	20,884	20,199
Office and miscellaneous	11(a)	10,314	10,610
Insurance		9,098	13,655
Professional fees		65,831	283
Consulting	11(c)	14,300	5,300
Telephone	11(a)	1,980	1,648
Regulatory fees		13,097	0
Transfer agent fees		1,641	1,132
Interest and financing		1,355	0
Amortization		3,443	4,507
		369,078	267,012
Other Expenses (Income)			
Loss (gain) on foreign exchange		10,208	377
General exploration expenses		3,250	17,587
Gain on sale of marketable securities	6	(16,064)	(240,729)
Interest income		(152)	0
		(2,758)	(222,765)
Loss Before Income Tax			
		366,320	44,247
Future income tax recovery		7,375	10,788
Net Loss for the Period			
		373,695	55,035
Other Comprehensive Income			
Unrealized loss (gain) on available-for-sale securities	6	6,125	75,512
Comprehensive Loss for the Period			
		\$ 379,820	\$ 130,547
Basic Loss per Share			
		\$ 0.01	\$ 0.00
Weighted Average Number of Common Shares Outstanding			
		53,330,328	52,343,341

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Changes in Shareholders' Equity
(Unaudited – Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
		Number of shares	Amount				
Balance, April 1, 2010	16	52,343,341	\$ 11,476,909	\$ 1,145,976	\$ (10,000,499)	\$ 182,700	\$ 2,805,086
Net loss for the three months	16	0	0	0	(55,035)	0	(55,035)
Unrealized loss on available-for-sale securities, net of future income taxes of \$15,312		0	0	0	0	(75,512)	(75,512)
Share-based payments expense	10(d)&16	0	0	18,347	0	0	18,347
Balance, June 30, 2010		52,343,541	\$ 11,476,909	\$ 1,164,323	\$ (10,055,534)	\$ 107,188	\$ 2,692,886
Net loss for the nine months	16	0	0	0	(731,077)	0	(731,077)
Unrealized loss on available-for-sale securities, net of future income taxes of \$719		0	0	0	0	(61,689)	(61,689)
Common shares issued for cash							
Exercise of stock options		690,000	129,450	0	0	0	129,450
Fair value of stock options exercised		0	91,357	(91,357)	0	0	0
Share-based payments expense	16	0	0	227,482	0	0	227,482
Balance, March 31, 2011		53,033,341	\$ 11,697,716	\$ 1,300,448	\$ (10,786,611)	\$ 45,499	\$ 2,257,052
Net loss for the three months		0	0	0	(373,695)	0	(373,695)
Unrealized loss on available-for-sale securities, net of future income taxes of \$(875)		0	0	0	0	(51,624)	(51,624)
Common shares issued for mineral property interests		600,961	250,000	0	0	0	250,000
Common shares issued for cash							
Exercise of stock options		120,000	18,000	0	0	0	18,000
Fair value of stock option exercised		0	17,124	(17,124)	0	0	0
Share-based payments expense	10(d)	0	0	58,363	0	0	58,363
Balance, June 30, 2011		53,754,302	\$ 11,982,840	\$ 1,341,687	\$ (11,160,306)	\$ (6,125)	\$ 2,158,096

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

	Three month periods ended	
	June 30, 2011	June 30, 2010 (Note 16)
Operating activities		
Net loss	\$ (373,695)	\$ (55,035)
Items not involving cash		
Amortization	3,443	4,507
Interest on loan payable	1,355	0
Share-based payments	58,362	18,347
Mineral property interests written-off	3,250	17,587
Gain on sale of marketable securities	(16,064)	(240,729)
Future income tax (recovery)	7,375	10,788
	(315,974)	(244,535)
Changes in non-cash working capital		
Accounts receivable	5,606	(4,677)
Prepaid expenses and advances	(3,825)	18,952
Accounts payable and accrued liabilities	105,324	(21,154)
Due to related parties	157,280	(79,431)
	264,385	(86,310)
Net cash flows from (used in) operating activities	(51,589)	(330,845)
Investing activities		
Expenditures on mineral property interests	(1,083,157)	(288,204)
Recoveries on mineral property interests	1,038,004	223,164
Acquisition of mineral property interests, net	(131,958)	35,479
Acquisition of property and equipment	(1,074)	(1,187)
Proceeds from sale of marketable securities	16,065	629,529
Net cash flows from (used in) investing activities	(162,120)	598,781
Financing activity		
Issuance of capital stock for cash	18,000	0
Loans payable	170,000	0
	188,000	0
Increase (decrease) in cash and cash equivalents	(25,709)	267,936
Cash and cash equivalents, beginning of period	77,946	97,562
Cash and cash equivalents, end of period	\$ 52,236	\$ 365,498

Supplemental Disclosure with Respect to Cash Flows (note 14)

REDSTAR GOLD CORP.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
For the three months ended June 30, 2011 and 2010
(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Redstar Gold Corp. (the “Company”) is an exploration stage company engaged principally in the acquisition, exploration and development of mineral property interests.

These condensed consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred significant operating losses over the past several fiscal years, is currently unable to self-finance operations. For the period ending June 30, 2011, the Company has a working capital deficit of \$607,843 (March 31, 2011 - \$87,395), an accumulated deficit of \$11,160,306 (March 31, 2011 - \$10,786,611), limited resources, no source of operating cash flow and no assurances that sufficient funding will be available to conduct further exploration and development of its mineral property interests.

The application of the going concern concept is dependent upon the Company’s ability to receive continued financial support from its shareholders and creditors, raise additional capital and generate future profitable operations. Management is actively seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management’s plan will be successful.

These condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS

Transition to International Financial Reporting Standards (“IFRS”)

We prepare our financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”) as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate IFRS as issued by the International Accounting Standards Board, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, we have commenced reporting on this basis in these condensed interim financial statements. In these condensed consolidated interim financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”) and IFRS 1, *First-Time Adoption of IFRS* (“IFRS 1”). Subject to certain transition elections disclosed in note 16, we have consistently applied the same accounting policies in our opening IFRS balance sheet as at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 16 discloses the impact of the transition to IFRS on our reported balance sheet, comprehensive income, changes in equity and cash flows, including the nature and effect of significant changes in accounting policies from those used in our financial statements for the year ended March 31, 2011.

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2. BASIS OF PREPARATION AND FIRST TIME ADOPTION OF IFRS (Continued)

The policies applied in these condensed consolidated interim financial statements are presented in note 3 and are based on IFRS issued and outstanding as of September 15, 2011, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in our annual financial statements for the year ending March 31, 2011 could result in restatement of these interim financial statements, including the transition adjustments recognized on change-over to IFRS.

Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 and do not include all the information required for full annual financial statements. The condensed consolidated interim financial statements should be read in conjunction with our Canadian GAAP consolidated annual financial statements for the year ended March 31, 2011. Refer to note 16 for disclosure of IFRS information for the year ended March 31, 2011 that is material to the understanding of these condensed consolidated interim financial statements.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include:

- the collectability of amounts receivable;
- balances of accrued liabilities;
- the fair value of financial instruments;
- determination of asset retirement and environmental obligations;
- the utilization of future income tax assets; and
- the determination of the variables used in the calculation of share-based payments

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of comprehensive income and cash flows.

The condensed consolidated interim financial statements were prepared on a historical cost basis except for financial instruments, which are classified as available-for-sale.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS34") and IFRS 1, *First-Time Adoption of IFRS* ("IFRS 1") and reflect the following significant accounting policies.

(a) Principles of Consolidation

These condensed consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Redstar Gold USA Inc. and Redstar Gold (Alaska) Inc. All intercompany balances and transactions have been eliminated.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Mineral property interests

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made, or an impairment has occurred.

All deferred mineral property expenditures are reviewed quarterly, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Mineral property interests (continued)

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest are recorded as a reduction of the mineral property carrying cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in the statements of operations.

(c) Property and equipment

Property and equipment are recorded at cost and are amortized using the declining-balance method at an annual rate of 20% for office equipment, 30% for computer equipment and 30% for automobiles. Leasehold improvements are amortized on a straight-line basis over the term of the lease. Additions during the year are amortized at one-half the annual rates.

(d) Non-monetary transactions

Shares issued for consideration other than cash are valued at the fair value of assets received or services rendered, or the quoted market price at the date of issuance, whichever is the more reliable measure.

(e) Earnings (loss) per share

Earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(f) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows: monetary items are translated at the exchange rate in effect at the balance sheet date; non-monetary items are translated at historical exchange rates; and revenues and expenses and exploration expenditures, at the exchange rate prevailing at the transaction date, except for amortization, which is translated at the historical rate. Gains and losses arising from this translation of foreign currency are included in operations.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the reporting period. Significant areas requiring the use of estimates include the rates of amortization for property and equipment, fair value of financial instruments, recoverability of mineral property interests, balances of accrued liabilities, determination of asset retirement and environmental obligations, the assumptions used in the determination of the fair value of stock-based compensation and the determination of the valuation allowance for future income tax assets. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(h) Asset retirement obligations (“ARO”)

The Company recognizes an estimate of the liability associated with an ARO in the consolidated financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs to record in the consolidated financial statements.

(i) Share-based payments

The Company accounts for share-based payments using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The fair value of the options is accrued and charged either to operations or mineral property interests, with the offset credit to contributed surplus. For directors and employees the fair value is recognized over the vesting period, and for non-employees the fair value is recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the consolidated financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially enacted. The amount of future income tax assets recognized is limited to the amount of the benefit that is more likely than not to be realized.

(k) Financial instruments

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities classified as held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition. When a decline in the fair value of an available-for-sale financial asset has been recognized in comprehensive income, and there is objective evidence that the impairment is other than temporary, the cumulative loss that had been previously recognized in accumulated other comprehensive income is removed from accumulated other comprehensive income and recognized in net income even though the financial asset has not been de-recognized.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

The fair value of all marketable securities is determined by quoted market prices.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These disclosures are not required when the carrying amount is a reasonable approximation of the fair value.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company for interim and annual financial statements relating to the Company's fiscal year commencing April 1, 2011. The effective date required the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended March 31, 2011. Certain new accounting standards and interpretations have been published that will be required to be applied for accounting periods beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standards or determined whether it will adopt the standards early.

(ii) Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to the Company's interim and annual consolidated financial statements relating to fiscal years beginning on or after April 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as held-for-trading; marketable securities as available-for-sale; deposit as held-to-maturity; and accounts payable and accrued liabilities and due to related parties as other financial liabilities.

(a) Fair value

The carrying values of cash, marketable securities, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of the deposit approximates its fair value. The fair values of amounts due to related parties have not been disclosed as their fair values cannot be reliably measured since there are no quoted market prices for such instruments.

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4. FINANCIAL INSTRUMENTS (Continued)

(a) Fair value (Continued)

The Company's financial instruments measured at fair value by level within the fair value hierarchy as at June 30, 2011 and March 31, 2011 are as follows:

June 30, 2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Available-for-sale marketable securities	\$82,001	\$ 0	\$ 0	\$82,001
March 31, 2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Available-for-sale marketable securities	\$141,000	\$ 0	\$ 0	\$141,000

(b) Credit risk

The Company is exposed to credit risk with respect to its cash. The credit risk associated with cash is minimal as cash has been placed with major financial institutions.

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution and a single major US financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	June 30, 2011	March 31, 2011
Cash in bank	\$ 52,236	\$ 77,946

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At June 30, 2011, the cash balance of \$52,236 (March 31, 2011 - \$77,946) is insufficient to meet the business requirements for the coming year. Therefore, the Company will be required to sell its marketable securities, raise additional capital or sell one or more mineral property interest in order to fund its operations in 2012. At June 30, 2011, the Company had accounts receivable of \$56,276 (March 31, 2011 - \$61,882) and accounts payable and accrued liabilities of \$123,075 (March 31, 2011 - \$17,751), which are due in the second quarter of fiscal 2012, amounts due to related parties of \$549,909 (March 31, 2011 - \$392,629, which are due on demand and loans payable of \$171,355 (March 31, 2011 - \$nil), which are due on July 12, 2011 (\$101,096) and May 16, 2012 (\$70,259).

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4. FINANCIAL INSTRUMENTS (Continued)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate, foreign currency and other price risk.

(i) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk given the majority of its financial assets and liabilities are denominated in Canadian dollars.

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4. FINANCIAL INSTRUMENTS (Continued)

(d) Market risk (Continued)

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk on its marketable securities to the extent of fluctuations in the current market prices of those securities.

As at June 30, 2011, a fluctuation in the fair value of marketable securities on the volatility of the underlying shares over the period ended has impacted the Company's other comprehensive income by approximately \$51,624.

5. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the sale of its common shares to fund its corporate and exploration costs. Although the Company has been successful at raising funds in the past through issuance of common shares, there is no assurance it will continue to do so in the foreseeable future.

6. MARKETABLE SECURITIES

At June 30, 2011 and March 31, 2011, the Company held marketable securities as follows:

June 30, 2011	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Central Resources Corp.	100,000	\$ 30,000	\$ (18,000)	\$ 12,000
Confederation Minerals Ltd.	100,000	41,000	19,000	60,000
Catalina Metals Corp.	100,000	18,000	(8,000)	10,000
Brocade Metals Corp.	100,000	1	0	1
		\$ 89,001	\$ (7,000)	\$ 82,001

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6. MARKETABLE SECURITIES (Continued)

March 31, 2011	Number of Shares	Cost	Accumulated Unrealized Gains (Losses)	Fair Value
Central Resources Corp.	100,000	\$ 30,000	\$ (16,000)	\$ 14,000
Corvus Gold Inc.	25,000	1	18,999	19,000
Confederation Minerals Ltd.	100,000	41,000	49,000	90,000
Catalina Metals Corp.	100,000	18,000	0	18,000
		\$ 89,001	\$ 51,999	\$ 141,000

During the period ended June 30, 2011, the Company recognized an unrealized loss of \$7,000 (March 31, 2011 – gain of \$51,999), which is included in other comprehensive income (loss). Future income tax recovery in the amount of \$875 (March 31, 2011 – income tax of \$6,500) was recorded against the unrealized loss for an unrealized loss, net of tax, in the amount of \$6,125 (March 31, 2011 - \$45,499).

During the period ended June 30, 2011, the Company sold 25,000 Corvus Gold Inc., which were received pursuant to the Company's holdings in International Tower Hill Mines Ltd. and as a result of a plan of arrangement that was carried out by International Tower Hill Mines Ltd. The shares had a book value of \$1 and were sold for net proceeds of \$16,065. Accordingly, the Company recognized a realized gain of \$16,064.

During the year ended March 31, 2011, the Company sold 140,000 International Tower Hill Mines Ltd. shares, which were received pursuant to the North Bullfrog option and agreement and subsequent disposition of the property (note 7B(a)). The shares had a cost of \$604,800 and were sold for net proceeds of \$998,590. Accordingly, the Company recognized a realized gain of \$393,790.

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7. MINERAL PROPERTY INTERESTS

General Projects & Red Lake, Ontario, Canada	Nevada, USA											Alaska, USA	
	General Projects	Newman Todd	Nevada General *	Eagle Basin	Painted Hills	Richmond Summit	Root Spring	Cooks Creek	Oasis	Baker Spring	Seven Devils	Shumagin/Unga-Popof	Total
		(note 6(a))		(note 6(b)(iii))	(notes 6(b)(iv) and (c))	(notes 6(b)(v) and (f))	(note 6(b)(vi))	(note 6(b)(vii))	(note 6(b)(viii))	(note 6(b)(xi))	(note 6(b)(x))		
Acquisition costs for the period	\$ 0	\$ 70,000	\$ 5,443	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,055	\$ 347,384	\$ 427,882
Acquisition costs recovered	0	0	0	0	0	0	(20,001)	0	(25,923)	0	0	0	(45,924)
	0	70,000	5,443	0	0	0	(20,001)	0	(25,923)	0	5,055	347,384	381,958
Deferred exploration expenditures for period													
Assaying	0	44,849	4,836	0	0	0	0	1,316	11,615	0	0	0	62,616
Consultants													
- geology	3,250	244,037	22,163	0	0	0	0	22,573	44,200	597	1,195	6,513	344,528
- geophysical	0	0	0	0	0	0	0	19,710	0	0	0	0	19,710
- geochemical	0	0	0	0	0	0	0	0	7,292	0	0	0	7,292
Contract labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Camp and exploration support	0	57,868	2,653	0	0	0	0	0	2,042	0	0	0	62,563
Drilling	0	423,829	0	0	0	0	0	648	0	0	0	0	424,477
Land and tenure	0	0	121	0	0	0	0	0	27,847	0	0	0	27,968
Travel and accommodation	0	23,805	3,552	0	0	0	0	2,034	472	0	258	0	30,121
Equipment rental	0	102,397	0	0	0	0	0	0	0	0	0	0	102,397
Maps and reports	0	1,485	0	0	0	0	0	0	0	0	0	0	1,485
	3,250	898,270	33,325	0	0	0	0	46,281	93,468	597	1,453	6,513	1,083,157
Exploration costs recovered	0	(898,270)	0	0	0	0	0	(46,271)	(93,463)	0	0	0	(1,038,004)
Net exploration expenditures for period	3,250	0	33,325	0	0	0	0	10	5	597	1,453	6,513	45,153
Total expenditures for period	3,250	70,000	38,768	0	0	0	(20,001)	10	(25,918)	597	6,508	353,897	427,111
Mineral property interests written-off or re-allocated	(54,268)	27,300	0	0	0	0	0	0	0	0	0	0	(26,968)
Balance, April 1, 2011	\$ 51,018	\$ 1,628,498	\$ 189,644	\$ 65,765	\$ 28,068	\$ 25,599	\$ 66,476	\$ 94,086	\$ 72,753	\$ 13,934	\$ 81,377	\$ 0	\$ 2,316,621
Balance, June 30, 2011	\$ 0	\$ 1,725,798	\$ 228,412	\$ 65,765	\$ 28,068	\$ 25,599	\$ 46,475	\$ 94,096	\$ 46,835	\$ 13,934	\$ 87,885	\$ 353,897	\$ 2,716,764

* Nevada General includes the Queens, Opal Hill, Larus & Long Island, Black Hawk & Gold Cloud projects.

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7. MINERAL PROPERTY INTERESTS (Continued)

General Projects & Red Lake, Ontario, Canada			Nevada, USA										
General Projects	Newman Todd		Nevada General *	Eagle Basin	Painted Hills	Richmond Summit	Root Spring	Cooks Creek	Oasis	Rose-Bush	Baker Spring	Seven Devils	Total
	(note 6(a))			(note 6(b)(iii))	(notes 6(b)(iv) and (c))	(notes 6(b)(v) and (f))	(note 6(b)(vi))	(note 6(b)(vii))	(note 6(b)(viii))	(note 6(b)(ix))	(note 6(b)(xi))	(note 6(b)(x))	
Acquisition costs for the period	\$ 0	\$ 0	\$ 39,181	\$ 0	\$ 0	\$ 0	\$ 0	\$ 882	\$ 0	\$ 0	\$ 0	\$ 20,784	\$ 60,847
Acquisition costs recovered	0	(91,000)	(7,000)	0	0	0	0	(53,000)	(40,804)	0	0	0	(191,804)
	0	(91,000)	32,181	0	0	0	0	(52,118)	(40,804)	0	0	20,784	(130,957)
Deferred exploration expenditures for period													
Assaying	0	69,691	11,115	0	0	0	0	4,807	213,642	0	0	75	299,330
Consultants													
- geology	0	267,547	107,426	0	1,859	3,171	510	21,859	266,040	0	0	2,016	670,428
- geophysical	0	0	0	0	0	0	0	0	58,837	0	0	0	58,837
- geochemical	0	0	0	0	0	0	0	0	37,203	0	0	0	37,203
Contract labour	51,018	19,078	0	0	0	0	0	0	0	0	0	0	70,096
Camp and exploration support	0	320,706	2,258	0	1	0	0	29	6,204	0	0	1,382	330,579
Drilling	0	299,204	0	0	0	0	0	64,883	282,637	0	0	0	646,724
Land and tenure	0	91,783	1,948	5,955	12,607	11,490	8,689	53,190	112,089	0	3,543	11,263	312,557
Travel and accommodation	0	15,212	20,900	0	0	644	0	385	5,729	0	0	54	42,924
Equipment rental	0	94,174	0	0	0	0	0	0	0	0	0	0	94,174
Maps and reports	0	0	297	0	0	0	0	0	6	0	0	0	297
Exploration costs recovered	51,018	1,177,395	143,944	5,955	14,467	15,305	9,199	145,153	982,381	0	3,543	14,790	2,563,150
	0	(1,150,104)	0	0	0	0	0	(122,962)	(977,886)	0	0	0	(2,250,952)
Net exploration expenditures for period	51,018	27,291	143,944	5,955	14,467	15,305	9,199	22,191	4,495	0	3,543	14,790	312,198
Total expenditures for period	51,018	(63,709)	176,125	5,955	14,467	15,305	9,199	(29,927)	(36,309)	0	3,543	35,574	181,241
Mineral property interests written-off	0	0	0	0	0	0	0	0	0	(10,972)	0	0	(10,972)
Balance, March 31, 2010	0	\$ 1,692,207	\$ 13,519	\$ 59,810	\$ 13,601	\$ 10,294	\$ 57,277	\$ 124,013	\$ 109,062	\$ 10,972	\$ 9,794	\$ 45,803	\$ 2,146,352
Balance, March 31, 2011	\$ 51,018	\$ 1,628,498	\$ 189,644	\$ 65,765	\$ 28,068	\$ 25,599	\$ 66,476	\$ 94,086	\$ 72,753	\$ 0	\$ 13,337	\$ 81,377	\$ 2,316,621

* Nevada General includes the Queens, Opal Hill, Larus & Long Island projects.

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7. MINERAL PROPERTY INTERESTS (Continued)

A. Newman Todd Property, Red Lake District, Ontario

In 2007, the Company acquired a 100% interest in the Newman Todd area properties (comprised of several properties) by issuing 700,000 common shares to the vendor.

The property is subject to a commitment to issue additional common shares as follows:

- (i) Common shares with a value of \$1,000,000 if a mine is placed into production; and
- (ii) Common shares with a value of \$1,000,000 if production from the properties exceeds 250,000 ounces of gold; and
- (iii) Additional common shares with a value of \$500,000 if production from the Newman Todd and Advance Red Lake properties exceeds 250,000 ounces of gold.

The mineral claims are subject to a 1% net smelter return (“NSR”) royalty provided that the total NSR royalties payable on any claims within the property do not exceed 2.75%.

On November 2, 2009, the Company entered into an option agreement with Central Resources Corp. (“Central”) whereby Central could have earned up to a 60% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement Central can earn a 50% interest in the project over a four-year period by funding \$4,500,000 in exploration and development work and issuing 500,000 shares of Central to the Company as follows:

Incurring exploration expenditures of not less than \$4,500,000 as follows:

- \$1,000,000 by November 2, 2010 (incurred);
- \$500,000 by December 31, 2010;
- \$1,000,000 by December 31, 2011;
- \$1,000,000 by December 31, 2012; and
- \$1,000,000 by December 31, 2013.

Issuing 500,000 Central shares to the Company as follows:

- 100,000 shares by November 2, 2009 (received);
- 100,000 shares by November 2, 2010;
- 100,000 shares by November 2, 2011;
- 100,000 shares by November 2, 2012; and
- 100,000 shares by November 2, 2013.

Central can earn an additional 10% interest in the project by funding \$2,000,000 in exploration and development work by December 31, 2014 and issuing 750,000 shares of Central to the Company by November 2, 2014.

On November 15, 2010 Central formally advised the Company that it would not be continuing with the option on the Newman Todd property having satisfied and fully discharged all of its commitments for the first year of the agreement.

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7. MINERAL PROPERTY INTERESTS (Continued)

A. Newman Todd Property, Red Lake District, Ontario (continued)

On November 19, 2010, the Company entered into an option agreement with Confederation Minerals Ltd. (“Confederation”) whereby Confederation can earn up to a 70% undivided interest in the Company’s 100% owned Newman Todd Property in Red Lake, Ontario.

Under the terms of the agreement Confederation can earn a 50% interest in the project over a three-year period by funding \$5,000,000 in exploration and development work and issuing 500,000 shares of Confederation and making payments totaling \$250,000 to the Company as follows:

Incurring exploration expenditures of not less than \$5,000,000 as follows:

- \$2,000,000 by November 19, 2011;
- \$1,500,000 by November 19, 2012;
- \$1,500,000 by November 19, 2013.

Cash payments of \$250,000 and issuing 500,000 shares of Confederation to the Company as follows:

- \$50,000 and 100,000 shares on signing (received);
- \$50,000 and 100,000 shares by November 19, 2011;
- \$75,000 and 150,000 shares by November 19, 2012;
- \$75,000 and 150,000 shares by November 19, 2013.

After the exercise of the first option, Confederation can earn an additional 20% interest in the project by providing a Preliminary Assessment of the property, at Confederation’s cost, and issuing 500,000 shares of Confederation to the Company. In addition, to maintain the second option in good standing, Confederation will make minimum annual expenditures of \$250,000 commencing on the third anniversary and until the earlier of (a) the full exercise of the second option, and (b) the expiry of the second option.

On April 14, 2011, the Company acquired under the joint acquisition with Confederation Minerals Ltd. (“Confederation”) a 50% interest in additional lands adjacent to the Company’s Newman Todd gold exploration project near Red Lake, Ontario. Confederation holds an option to acquire up to a 70% interest in the Newman Todd project. The additional 18 mineral claims (the “Todd Property”) are immediately adjacent to the Newman Todd project.

Of the 50% interest acquired by the parties from the vendor, Confederation acquired an undivided 35% interest in the Todd Property (being 70% of vendor’s interest) for the sum of \$50,000 and 125,000 shares of Confederation and the Company acquired an undivided 15% interest in the Todd Property (being 30% of the vendor’s interest) for the sum of \$70,000. The remaining 50% interest in the claims is held by Rubicon Minerals Corporation.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA

During the year ended March 31, 2005, the Company entered into a letter of agreement (as amended) with AngloGold Ashanti North America Inc. (“AngloGold”) for the exclusive right to acquire a copy of AngloGold’s Great Basin database. In order to obtain this right, the Company was required to incur US \$3,000,000 on exploration expenses on Nevada Properties (incurred) and issue to AngloGold 175,000 common shares (issued). Once the Company had spent US \$750,000 on exploration expenses on a property, AngloGold had a one-time right to earn a 60% interest in that property by incurring 200% of the expenditures incurred by the Company within three years after electing to back in.

The agreement was for a term of one-year (expiring March 9, 2006) and, with the consent of both parties and the Company issuing 175,000 common shares to AngloGold, could be renewed for a further one-year term. The Company renewed the agreement for one-year terms as follows:

- 175,000 common shares issued on August 11, 2006 to extend to March 9, 2007;
- 175,000 common shares issued on February 7, 2007 to extend to March 9, 2008;
and
- 175,000 common shares issued on March 11, 2008 to extend to March 9, 2009.

In May 2008, the Company completed the acquisition of AngloGold’s Great Basin database. As a result, the remaining back-in rights held by AngloGold on Nevada Properties were removed unless otherwise noted below.

(i) Dry Gulch Property, Elko County, Nevada

During the year ended March 31, 2010, the Company wrote-off this property in the amount of \$112,918.

During the year ended March 31, 2010, the Company abandoned this property.

(ii) North Bullfrog Property, Nye County, Nevada

During the year ended March 31, 2007, the Company entered into five mining leases to purchase a 100% interest in certain mineral claims. The Company will grant a production royalty of 2% to 4% of NSR to each vendor. To maintain the leases, the Company must make minimum advance royalty payments of US \$32,300 (paid for 2010, 2009 and 2008) per annum on each of the first three anniversaries and US \$37,700 per annum thereafter. The Company has the right at any time while the agreements are in effect to purchase the production royalty for US \$850,000 to US \$1,000,000 per 1% and may purchase the entire royalty.

During the year ended March 31, 2010, the company sold this property.

The Company has also acquired the following property interests in Nevada:

(iii) Eagle Basin Property, Lander County, Nevada

The Eagle Basin Property consists of 37 (2010 - 45) claims acquired through staking near Lander County, Nevada. AngloGold holds a 2% NSR royalty.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

(iv) Painted Hills Property, Humboldt County, Nevada

The Painted Hills Property consists of 79 (2010 - 79) claims acquired through staking near Humboldt County, Nevada.

(v) Richmond Summit Property, Eureka County, Nevada

The Richmond Hill Property consists of 72 (2010 – 72) claims acquired through staking in Eureka County, Nevada. AngloGold holds a 2% NSR royalty.

(vi) Root Spring Property, Pershing County, Nevada

The Root Spring Property consists of 54 (2010 - 54) claims acquired through staking near Winnemucca, Nevada. AngloGold holds a 2% NSR royalty.

(vii) Cooks Creek Property, Lander County, Nevada

The Cooks Creek Property consists of 114 (2010 - 156) claims acquired through staking near the town of Battle Mountain, Nevada. AngloGold holds a 2% NSR royalty.

(viii) Oasis Property, Esmeralda County, Nevada

The Oasis Property consists of 122 (2010 – 50) claims acquired through staking. AngloGold holds a 2% NSR royalty.

On October 30, 2009, the Company acquired two associated placer claims acquired, which are subject to a 1.5% NSR with pre-production royalties payable as follows:

Years 1-3	US \$9,000 per year** (paid)
Years 4-8	US \$12,000 per year
Year 9-commercial production	US \$15,000 per year

**Years 1-3 were payable on the completion date.

The NSR can be purchased for US \$800,000 at any time.

(ix) Rosebush Property, Lander County, Nevada

The Rosebush Property consists of 16 claims acquired by staking near Goldfield, Nevada.

During the year ended March 31, 2011, the Company wrote-off this property in the amount of \$10,972.

(x) Seven Devils Property, Pershing County, Nevada

The Seven Devils Property consists of 54 (2010 – 54) claims acquired through staking and 16 leased claims.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

The 16 leased claims are subject to a 2% NSR. Pursuant to the mineral property lease, the Company is required to make quarterly advance minimum royalty payments of US \$5,000 from October 1, 2009 to July 1, 2012 (inclusive) (paid for 2010), US \$7,500 from October 1, 2012 to July 1, 2013 (inclusive), and US \$10,000 thereafter.

(xi) Baker Spring Property, Elko County, Nevada

The Baker Spring Property consists of 22 (2010 – 22) claims acquired through staking.

(xii) Queens Property, Nye County, Nevada

The Queens Property consists of 6 (2010 – 6) claims acquired through staking.

(xiii) Opal Hill Property, Nye County, Nevada

The Opal Hill Property consists of 6 (2010 – 21) claims acquired through staking.

(xiv) Larus Property, Eureka County, Nevada

The Larus Property consists of 62 (2010 – 62) claims acquired through staking.

(xv) Long Island Property, Nye County, Nevada

The Long Island Property consists of 56 (2010 – 56) claims acquired through staking.

(xvi) Black Hawk Property, Nye County, Nevada

The Black Hawk Property consists of 8 claims acquired through staking.

(xvii) Gold Cloud Property, Eureka County, Nevada

The Gold Cloud Property consists of 20 claims acquired through staking.

(a) Letter of Intent, North Bullfrog and Painted Hills Properties

In March 2007, the Company entered into a binding LOI with International Tower Hills Mines Ltd. ("ITH") to enter into a joint venture in the North Bullfrog and Painted Hills projects in Nevada. The terms of the LOI are as follows:

(i) ITH will have the right to earn up to a 70% interest in the properties by making a series of payments and work commitments over four years.

(ii) Consideration for the North Bullfrog Property consists of cash payments totaling US \$190,000 and total expenditures of US \$4,000,000 over four years.

(a) Cash payments were due as follows:

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

(a) Letter of Intent, North Bullfrog and Painted Hills Properties (continued)

- On signing (received April 18, 2007) - US \$20,000;
- On or before September 15, 2008 - US \$30,000 (received);
- On or before March 15, 2009 - US \$40,000 (received);
- On or before March 15, 2010 - US \$50,000; and
- On or before March 15, 2011 - US \$50,000.

(b) Total cumulative expenditures were to be incurred are as follows:

- On or before March 15, 2008 - US \$500,000 (incurred);
- On or before March 15, 2009 - US \$1,000,000 (incurred);
- On or before March 15, 2010 - US \$2,000,000; and
- On or before March 15, 2011 - US \$4,000,000.

(iii) Consideration for the Painted Hills Property consists of total payments of US \$170,000 and total expenditures of US \$2,500,000 over four years.

(a) Cash payments were due as follows:

- On signing (received April 18, 2007) - US \$20,000;
- On or before September 15, 2008 - US \$20,000 (received);
- On or before March 15, 2009 - US \$30,000;
- On or before March 15, 2010 - US \$50,000; and
- On or before March 15, 2011 - US \$50,000.

(b) Total cumulative expenditures to be incurred are as follows:

- On or before March 15, 2008 - US \$250,000 (incurred);
- On or before March 15, 2009 - US \$750,000 (incurred);
- On or before March 15, 2010 - US \$1,500,000; and
- On or before March 15, 2011 - US \$2,500,000.

ITH notified the Company on March 9, 2009 that it withdrew from the Painted Hills property agreement.

(iv) ITH will provide the Company with 5,000 shares of its common stock on each anniversary the North Bullfrog agreement is in place (5,000 common shares were received on December 22, 2008 and 5,000 common shares were received on May 12, 2009).

(v) During 2009, the Company entered into an agreement to lease the Connection property, which consists of 12 patented mining claims and is part of the North Bullfrog Property. Payments due are as follows:

- On signing - US \$10,800 (paid);
- Per annum on each of the first three anniversaries - US \$10,800; and
- Annually thereafter - US \$16,200.

The Company has an option to purchase the property for US \$1,000,000 at any time during the life of the lease.

The property is subject to a 4% NSR that may be purchased for US \$5,000,000.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

(a) Letter of Intent, North Bullfrog and Painted Hills Properties (continued)

The Company also staked 52 additional claims in 2009.

With these additions, the North Bullfrog Property consisted of 224 claims and 6 mining leases held by the Company and ITH under the joint venture.

- (vi) On July 30, 2009 the Company signed an agreement with ITH for the sale of the North Bullfrog property in Nevada, including assumption of the lease on the Connection property (note 6(c)(v)). Under the terms of the sale agreement, ITH will pay the Company \$250,000 cash (paid) and issue 200,000 (received with a fair value of \$864,000) shares to earn 100% of the Company's interest in the property. The sale of the property was substantively complete on September 30, 2009; accordingly, the consideration received by the Company was recorded as a gain on sale of mineral property interest in the amount of \$1,114,000. During the year ended March 31, 2010, this sale was completed.

(b) Letter of Intent, Dry Gulch Property

In March 2008, the Company entered into a binding LOI with Gold Fields Netherlands Services BV ("Gold Fields") to enter into a joint venture in the Dry Gulch Property in Nevada. The terms of the LOI are as follows:

- (i) Gold Fields will pay the Company US \$20,000 on signing of the agreement (received).
- (ii) Gold Fields will incur a minimum work commitment of US \$400,000 by December 21, 2008 (incurred).
- (iii) Once the above has been paid and incurred, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:
- (a) Gold Fields will pay the Company a further US \$170,000 as follows:
- (i) On or before December 21, 2008 - US \$30,000;
 - (ii) On or before December 21, 2009 - US \$45,000;
 - (iii) On or before December 21, 2010 - US \$70,000; and
 - (iv) On or before December 31, 2011 - US \$25,000.
- (b) Gold Fields will incur a further work commitment of US \$1,600,000 by December 21, 2011.
- (iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase, comprised of Gold Fields spending an additional US \$5,000,000 and providing Gold Fields an option to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

On December 10, 2008, Gold Fields notified the Company that it would not exercise its option to enter into a joint venture agreement and it withdrew from the LOI and the Dry Gulch Property project having satisfied and fully discharged all of its commitments to December 21, 2008.

(c) Letter of Intent, Richmond Summit Property

In March 2008, the Company entered into a binding LOI with Gold Fields to enter into a joint venture in the Richmond Summit Property in Nevada. The terms of the LOI are as follows:

- (i) Gold Fields will pay the Company US \$35,000 on signing of the agreement (received).
- (ii) Gold Fields will incur a minimum work commitment of US \$1,000,000 by December 21, 2008 (incurred).
- (iii) Once the above has been paid and incurred, Gold Fields will have the option to enter into a joint venture agreement if certain conditions are met. The terms of the joint venture agreement are:
 - (a) Gold Fields will pay the Company a further US \$255,000 as follows:
 - (i) On or before December 21, 2008 - US \$55,000;
 - (ii) On or before December 21, 2009 - US \$75,000;
 - (iii) On or before December 21, 2010 - US \$95,000; and
 - (iv) On or before December 21, 2011 - US \$30,000.
 - (b) Gold Fields will incur a further work commitment of US \$2,500,000 by December 21, 2011.
- (iv) After completion of the above, Gold Fields will have the option to earn a 60% interest in the joint venture for a nominal price and continue the joint venture for a second phase, comprised of Gold Fields spending an additional US \$7,500,000 and providing Gold Fields an option to earn an additional 10% interest in the joint venture, for a total of 70%. At the end of the second phase, the Company can elect to participate in the project going forward by contributing in proportion to its 30% interest.

On December 11, 2008, Gold Fields notified the Company that it would not exercise its option to enter into a joint venture agreement and it withdrew from the LOI and the Richmond Summit Property LOI.

(d) Option Agreement, Richmond Summit Property

On August 25, 2009, the Company entered into an option agreement granting Fronteer Development Group Ltd. ("Fronteer") an option to earn a 70% interest in the Richmond Summit Property (the "Property"). In order to acquire the 70% interest, Fronteer must make the following cash payments and incur expenditures on the Property:

- (i) Cash payments to the Company:
 - US \$25,000 on August 25, 2009 (received);

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

(d) Option Agreement, Richmond Summit Property (continued)

- US \$50,000 on August 25, 2010;
- US \$75,000 on August 25, 2011; and
- US \$100,000 on August 25, 2012.

- (ii) Incur expenditures on the Property:
- US \$500,000 by August 25, 2010;
 - US \$750,000 by August 25, 2011;
 - US \$1,000,000 by August 25, 2012; and
 - US \$1,000,000 by August 25, 2013.

On April 15, 2010, the Company was notified by Fronteer that it had elected not to continue with the Richmond Summit Property option having satisfied and fully discharged all of its commitments for the first year of the agreement.

(e) Option Agreement, Oasis Property

On April 22, 2010, the Company signed an exploration and option agreement granting Centerra (U.S.) Inc. ("Centerra") an option to earn a 75% interest in the Oasis Property (the "Property").

In order to acquire the 75% interest, Centerra must make cash payments and incur expenditures on the Property as follows:

- (i) Cash payments to the Company:
- US \$40,000 on signing of the agreement (received);
 - US \$27,000 on or before April 29, 2011 (received);
 - US \$30,000 on or before April 29, 2012;
 - US \$30,000 on or before April 29, 2013;
 - US \$40,000 on or before April 29, 2014; and
 - US \$60,000 on or before April 29, 2015.
- (ii) Incur expenditures on the Property:
- US \$500,000 on or before April 29, 2011 (incurred);
 - US \$700,000 on or before April 29, 2012;
 - US \$800,000 on or before April 29, 2013;
 - US \$900,000 on or before April 29, 2014; and
 - US \$1,100,000 on or before April 29, 2015.

(f) Option Agreement, Cooks Creek Property

On February 25, 2011, the Company signed an exploration and option agreement granting Catalina Metals Corp. ("Catalina") an option to acquire a 60% interest in the Cooks Creek Property (the "Property").

In order to acquire the 60% interest, Catalina must make cash payments, share issuances and incur expenditures on the Property as follows:

- (i) Cash payments to the Company:

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

(f) Option Agreement, Cooks Creek Property (continued)

- \$35,000 on the date of TSX Venture Exchange approval (the "Approval Date") (received);
- \$35,000 on or before the first anniversary of the Approval Date;
- \$55,000 on or before the second anniversary of the Approval Date;
- \$75,000 on or before the third anniversary of the Approval Date;

(ii) Share issuances to the Company:

- 100,000 shares within five (5) business days of the Approval Date (received);
- 100,000 shares on or before the first anniversary of the Approval Date;
- 100,000 shares on or before the second anniversary of the Approval Date;
- 100,000 shares on or before the third anniversary of the Approval Date; and;
- 100,000 shares on or before the fourth anniversary of the Approval Date.

(iii) Incur expenditures on the Property:

- \$300,000 on or before the first anniversary of the Approval Date;
- \$400,000 on or before the second anniversary of the Approval Date;
- \$800,000 on or before the third anniversary of the Approval Date; and
- \$1,000,000 on or before the fourth anniversary of the Approval Date.

Catalina can elect within 60 days after completion of the first option in the Project, to earn an additional 10% interest (for a total of 70%) by funding an additional \$2,000,000 expenditures within 12 months.

(g) Option Agreement, Root Spring Property

On June 6, 2011, the Company signed an option with Brocade Metals Corp. ("Brocade"), whereby Brocade can earn a 70% interest in the Root Spring Property in Nevada.

Under the terms of the agreement, Brocade must make cash payments, issue shares and incur expenditures on the Property as follows:

(i) Cash payments to the Company

- \$20,000 on the signing of the agreement (received);
- \$30,000 on or before December 31, 2011;
- \$40,000 on or before December 31, 2012;
- \$50,000 on or before December 31, 2013;
- \$60,000 on or before December 31, 2014.

(ii) Share issuances to the Company:

- 100,000 shares on the signing of the agreement (received);
- 100,000 shares on or before December 31, 2011;
- 100,000 shares on or before December 31, 2012;
- 100,000 shares on or before December 31, 2012; and
- 100,000 shares on or before December 31, 2014.

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7. MINERAL PROPERTY INTERESTS (Continued)

B. Nevada Properties, USA (continued)

- (iii) Incur expenditures on the Property:
- \$100,000 on or before December 31, 2011;
 - an additional \$400,000 on or before December 31, 2012;
 - an additional \$1,350,000 on or before December 31, 2013; and
 - an additional \$1,650,000 on or December 31, 2014.

(h) Lease Agreement, Baker Property

On June 14, 2011, the Company signed a mining lease agreement with Newmont USA Limited, a subsidiary of Newmont Mining Corporation (“Newmont”), whereby Newmont will lease from the Company the Baker Project (aka Baker Spring Project) in Nevada.

Under the terms of the agreement, Newmont must make cash payments and incur expenditures on the Property as follows:

- (i) Cash payments to the Company
- \$5,000 on signing of the agreement (received July 1, 2011);
 - \$7,500 on the first anniversary of the agreement date;
 - \$10,000 on the second anniversary of the agreement date;
 - \$20,000 on the third anniversary of the agreement date;
 - \$30,000 on the fourth anniversary and each anniversary of the agreement date thereafter.
- (ii) Incur expenditures on the Property
- US \$75,000 on or before one year from the agreement date;
 - an additional US\$150,000 on or before two years from the agreement date.

The Company will retain a 2.5% net smelter royalty.

C. Alaska Properties, USA

(a) Shumagin Property, Alaska

On May 19, 2011, the Company signed an exploration option agreement for a of a high-grade gold project in Alaska (“the Shumagin Project”) from NGAS Production Co. (“NGAS”) a subsidiary of Magnum Hunter Resources Corp. (“Magnum”). Under the terms of the agreement, the Company can earn a 100% interest in the Shumagin Project by making cash payments and share issuances as follows:

- (i) Cash payments to NGAS:
- US \$100,000 on signing of the agreement (paid);
 - US \$500,000 forty-five days from the date of the TSX approval of the agreement (“Effective Date”) (paid July 19, 2011);
 - US \$250,000 on or before January 1, 2012.
- (ii) Share issuances to NGAS:
- US \$250,000 by the issuance of common shares of the Company on or before thirty days following the Effective Date (issued);
 - US \$250,000 by issuance of common shares of the Company on or before January 1, 2012.

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7. MINERAL PROPERTY INTERESTS (Continued)

C. Alaska Properties, USA (continued)

NGAS has the option of receiving the final option payment of US \$1,500,000 in cash (US \$1,000,000 on or before September 1, 2012 and US \$500,000 on or before September 1, 2013) or US \$1,500,000 by issuance of common shares of the Company on or before October 1, 2012.

In addition, the Company will assume underlying advance royalty payments of US \$2,000 per month to a maximum of US \$450,000.

(b) Unga-Popof Property, Alaska

On June 9, 2011, the Company announced the acquisition of a large land package in Alaska (the "Unga-Popof" Property) acquired from Full Metal Minerals Ltd. ("Full Metal"). Under the terms of the agreement the Company can acquire 60% of Full Metal's interest in the Unga-Popof Property by making cash payments, share issuances and incurring expenditures on the Property as follows:

- (i) Cash payments to Full Metal:
 - US \$5,000 on signing of the agreement (paid);
 - US \$70,000 within five business days of finalization of the underlying agreements as negotiated by Full Metal;
 - US \$75,000 on or before August 1, 2012;
 - US \$75,000 on or before August 1, 2013; and
 - US \$75,000 on or before August 1, 2014.

- (ii) Issuance of shares to Full Metal:
 - 250,000 common shares of the Company with 5 business days of the finalization of the underlying agreements by Full Metal;
 - 250,000 common shares of the Company on or before August 1, 2012;
 - 250,000 common shares of the Company on or before August 1, 2013; and
 - 250,000 common shares of the Company on or before August 1, 2014.

- (iii) Incur expenditures on the Property:
 - US \$500,000 on or before August 1, 2012;
 - an additional US \$1,000,000 on or before August 1, 2013;
 - an additional US \$1,500,000 on or before August 1, 2014; and
 - an additional US \$2,000,000 on or before August 1, 2015.

In addition, the Company has the option of earning an additional 15% interest by producing a Bankable Feasibility Study and issuing an additional 1,000,000 common shares of the Company to Full Metal.

The Unga-Popof Property is subject to three underlying agreements.

7. MINERAL PROPERTY INTERESTS (Continued)

Title to mineral property interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by an undetected defect.

Realization of assets

The investment in and expenditures on mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

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7. MINERAL PROPERTY INTERESTS (Continued)

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

8. PROPERTY AND EQUIPMENT

				June 30, 2011		
		Cost	Accumulated Amortization		Net	
Computer equipment	\$	67,491	\$	52,707	\$ 14,784	
Equipment		26,197		16,722	9,475	
Automobiles		29,100		13,084	16,016	
Leasehold improvements		9,814		8,342	1,472	
	\$	132,602	\$	90,855	\$ 41,747	

				March 31, 2011		
		Cost	Accumulated Amortization		Net	
Computer equipment	\$	66,416	\$	51,551	\$ 14,865	
Equipment		26,197		16,224	9,973	
Automobiles		29,100		11,785	17,315	
Leasehold improvements		9,814		7,851	1,963	
	\$	131,527	\$	87,411	\$ 44,116	

9. LOANS PAYABLE

On May 12, 2011, the Company issued an unsecured promissory note for a total of \$100,000, which bears interest at 8% per annum, calculated annually and with maturity on or before July 12, 2011. Accrued interest in the amount of \$1,096 has been recorded to June 30, 2011.

On May 16, 2011, the Company issued an unsecured promissory note for a total of \$70,000, which bears interest at 3% per annum, calculated annually and with maturity on or before May 16, 2012. Accrued interest in the amount of \$259 has been recorded to June 30, 2011.

The loans were repaid with interest on July 21 and August 29, 2011, respectively.

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10. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Share purchase warrants

As at June 30, 2011 and March 31, 2010 and 2011, the Company had no outstanding share purchase warrants.

(c) Stock options

The Company has a 20% stock option plan, which allows the board of directors to grant options to directors, officers, employees and consultants. The maximum term of the options is five years. Options vest as to 25% at the date of grant and an additional 25% each six months thereafter.

As at June 30, 2011 and March 31, 2011, the Company had stock options outstanding to directors, employees and consultants as follows:

June 30, 2011			
Outstanding Number of Options	Exercisable Number of Options	Expiry Date	Exercise Price
875,000	875,000	May 4, 2012	\$ 0.25
470,000	470,000	January 18, 2013	\$ 0.20
1,380,000	1,380,000	September 16, 2014	\$ 0.15
1,700,000	850,000	October 28, 2015	\$ 0.18
250,000	62,500	February 23, 2016	\$ 0.30
4,675,000	3,637,500		

March 31, 2011			
Outstanding Number of Options	Exercisable Number of Options	Expiry Date	Exercise Price
875,000	875,000	May 4, 2012	\$ 0.25
470,000	470,000	January 18, 2013	\$ 0.20
1,500,000	1,500,000	September 16, 2014	\$ 0.15
1,700,000	425,000	October 28, 2015	\$ 0.18
250,000	62,500	February 23, 2016	\$ 0.30
4,795,000	3,332,500		

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10. CAPITAL STOCK (Continued)

A summary of the status of the Company's stock options as at June 30, 2011 and March 31, 2011 and changes during the periods then ended follows:

	June 30, 2011		March 31, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of period	4,795,000	\$ 0.19	3,710,000	\$ 0.19
Granted	0	\$ 0.00	1,950,000	\$ 0.20
Exercised	(120,000)	\$ 0.15	(690,000)	\$ 0.19
Expired	0	\$ 0.00	(175,000)	\$ 0.18
Forfeited	0	\$ 0.00	0	\$ 0.00
Outstanding at end of period	4,675,000	\$ 0.19	4,795,000	\$ 0.19

(d) Share-based payments

During the year ended March 31, 2011, 1,950,000 options were granted to directors, officers, employees and consultants. The fair value of these stock options is recognized as share-based payments expense over the vesting period of the options. The total fair value of these options was calculated at \$345,245.

The fair value of stock options granted in 2011 is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011
Risk-free interest rate	2.28%
Expected dividend yield	0.00%
Expected stock price volatility	155.22%
Expected option life in years	5

11. RELATED PARTY TRANSACTIONS

- (a) The Company conducts the majority of its exploration activities through an exploration services contractor in which a director is a shareholder. For the three month period ended June 30, 2011 and the year ended March 31, 2011, the Company paid or accrued amounts to that contractor of \$23,347 (March 31, 2011 - \$112,004) for exploration costs; \$1,074 (March 31, 2011 - \$1,187) for capital assets; and \$175,748 (March 31, 2011 - \$644,192) to reimburse office and administrative costs as follows:

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11. RELATED PARTY TRANSACTIONS (Continued)

	June 30, 2011	March 31, 2011
Contract wages*	\$ 85,728	\$ 360,334
Travel and promotion	45,235	96,864
Investor relations	18,480	73,920
Rent	15,841	68,739
Office and miscellaneous	9,207	38,592
Telephone	1,257	5,743
	\$ 175,748	\$ 644,192

* incl. \$45,000 for CEO compensation

As at June 30, 2011, the Company owed \$549,909 (March 31, 2011 - \$392,629) to that contractor.

The amount due to this related party is without interest and is due on demand.

These transactions were made in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the related parties.

- (b) During the period ended June 30, 2011, the Company entered into a promissory note for \$100,000 with a director of the Company which was repaid, in principal and interest, subsequent to the period end.
- (c) Compensation of key management personnel for the periods ending June 30, 2011 and 2010 is summarized as follows:

	June 30, 2011	June 30, 2010
Management fees, CEO and CFO	\$ 54,000	\$ 37,500

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the periods ended June 30, 2011 and 2010.

12. INCOME TAXES

The Company has accumulated losses for Canadian income tax purposes of approximately \$3,587,000 as at March 31, 2011 fiscal year end that expire at various dates commencing 2014.

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13. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration and development and operates in two geographical segments, Canada and the United States. The capital assets and total assets identifiable with these geographical areas are as follows:

	June 30, 2011	March 31, 2011
Capital Assets (including mineral properties)		
Canada	\$ 1,756,958	\$ 1,707,343
United States	1,006,981	637,104
	\$ 2,765,939	\$ 2,344,447
Total Assets		
Canada	\$ 1,995,454	\$ 2,030,328
United States	1,006,981	637,104
	\$ 3,002,435	\$ 2,667,432

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	June 30, 2011	June 30, 2010
Fair value of shares received for mineral property interests	\$ 1	\$ 0
Fair value of shares issued for mineral property interests	\$ 250,000	\$ 0
Interest paid during the period	\$ 0	\$ 0
Income taxes paid during the period	\$ 0	\$ 0

15. COMMITMENTS

During 2007, the Company and others entered into a lease agreement for the rental of office premises for a six-year period, expiring March 31, 2013. The cost of the entire premises is shared primarily between the Company and two other companies related by a common director. The Company's proportionate share of minimum annual rental payments under this arrangement is as follows:

2011	\$	53,359
2012		34,922
2013		33,246
	\$	121,527

16. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in note 2, these are the Company's first interim financial statements being prepared in accordance with IAS 34 and IFRS 1. The accounting policies described in note 3 have been applied in preparing these interim financial statements for the three months ended June 30, 2011, the comparative information presented in these interim financial statements for both the three months ended June 30, 2010 and the year ended March 31, 2011 and in the preparation of an opening IFRS balance sheet as at April 1, 2010, the Company's date of transition. An explanation of IFRS 1, first-time adoption of IFRS exemptions, and the required reconciliations between IFRS and Canadian GAAP are described below:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening balance sheet on our transition date of April 1, 2010.

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for comparative periods. The Company's adoption of IFRS did have an impact on equity, net income (loss) and comprehensive income (loss). There was no impact on operating, investing or financing cash flows in the prior periods. In preparing these condensed consolidated interim financial statements, the Company reflected the result of transition in the tables below.

Reconciliation of Consolidated Balance Sheet and Statement of Comprehensive Income from Canadian GAAP to IFRS

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Reconciliation of Assets and Liabilities

	March 31, 2011			June 30, 2010			April 1, 2010		
	<u>Cdn GAAP</u>	<u>Adjustment</u>	<u>IFRS</u>	<u>Cdn GAAP</u>	<u>Adjustment</u>	<u>IFRS</u>	<u>Cdn GAAP</u>	<u>Adjustment</u>	<u>IFRS</u>
Assets									
Current assets									
Cash and cash equivalents	77,946	0	77,946	365,498	0	365,498	97,562	0	97,562
Marketable securities	141,000	0	141,000	368,500	0	368,500	843,600	0	843,600
Accounts receivable	61,882	0	61,882	8,160	0	8,160	3,483	0	3,483
Prepaid expenses and advances	42,156	0	42,156	12,748	0	12,748	31,700	0	31,700
	<u>322,984</u>	<u>0</u>	<u>322,984</u>	<u>754,906</u>	<u>0</u>	<u>754,906</u>	<u>976,345</u>	<u>0</u>	<u>976,345</u>
Non-current assets									
Deposit	7,428	0	7,428	7,428	0	7,428	7,428	0	7,428
Mineral property interests	2,316,621	(23,718)	2,292,903	2,175,913	(17,587)	2,158,326	2,146,352	0	2,146,352
Property and equipment, net	44,116	0	44,116	57,635	0	57,635	60,955	0	60,955
	<u>2,368,166</u>	<u>(23,718)</u>	<u>2,344,448</u>	<u>2,240,976</u>	<u>(17,587)</u>	<u>2,223,389</u>	<u>2,214,735</u>	<u>0</u>	<u>2,214,735</u>
TOTAL ASSETS	<u>2,691,150</u>	<u>(23,718)</u>	<u>2,667,432</u>	<u>2,995,882</u>	<u>(17,587)</u>	<u>2,978,295</u>	<u>3,191,080</u>	<u>0</u>	<u>3,191,080</u>
LIABILITIES									
Current liabilities									
Accounts payable and accrued liabilities	17,751	0	17,751	33,915	0	33,915	55,069	0	55,069
Due to related parties	392,629	0	392,629	251,494	0	251,494	330,925	0	330,925
	<u>410,380</u>	<u>0</u>	<u>410,380</u>	<u>285,409</u>	<u>0</u>	<u>285,409</u>	<u>385,994</u>	<u>0</u>	<u>385,994</u>
SHAREHOLDERS' EQUITY									
Capital stock	11,697,716	0	11,697,716	11,476,909	0	11,476,909	11,476,909	0	11,476,909
Contributed surplus	1,255,778	44,670	1,300,448	1,096,484	17,328	1,113,812	1,060,809	85,167	1,145,976
Accumulated other comprehensive income	45,499	0	45,499	107,188	0	107,188	182,700	0	182,700
Deficit	(10,718,223)	(68,388)	(10,786,611)	(9,970,108)	(34,915)	(10,005,023)	(9,915,332)	(85,167)	(10,000,499)
	<u>2,280,770</u>	<u>(23,718)</u>	<u>2,257,052</u>	<u>2,710,473</u>	<u>(17,587)</u>	<u>2,692,886</u>	<u>2,805,086</u>	<u>0</u>	<u>2,805,086</u>
TOTAL EQUITY	<u>2,280,770</u>	<u>(23,718)</u>	<u>2,257,052</u>	<u>2,710,473</u>	<u>(17,587)</u>	<u>2,692,886</u>	<u>2,805,086</u>	<u>0</u>	<u>2,805,086</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>2,691,150</u>	<u>(23,718)</u>	<u>2,667,432</u>	<u>2,995,882</u>	<u>(17,587)</u>	<u>2,978,295</u>	<u>3,191,080</u>	<u>0</u>	<u>3,191,080</u>

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Reconciliation of Loss and Comprehensive Loss

	Year ended March 31, 2011			Three months ended June 30, 2010		
	Cdn GAAP	Adjustment	IFRS	Cdn GAAP	Adjustment	IFRS
Expenses						
Contract wages	360,334	0	360,334	68,656	0	68,656
Travel and promotion	157,471	0	157,471	71,195	0	71,195
Investor relations	88,920	0	88,920	51,480	0	51,480
Stock-based payments	286,326	0	286,326	35,675	(17,328)	18,347
Rent	89,935	0	89,935	20,199	0	20,199
Office and miscellaneous	38,932	0	38,932	10,610	0	10,610
Insurance	36,201	0	36,201	13,655	0	13,655
Professional fees	37,229	0	37,229	283	0	283
Consulting	27,200	0	27,200	5,300	0	5,300
Telephone	8,579	0	8,579	1,648	0	1,648
Regulatory fees	10,769	0	10,769	0	0	0
Transfer agent fees	5,751	0	5,751	1,132	0	1,132
Amortization	18,025	0	18,025	4,507	0	4,507
	<u>1,165,672</u>	<u>0</u>	<u>1,165,672</u>	<u>284,340</u>	<u>(17,328)</u>	<u>267,012</u>
Other Expenses (Income)						
Debt forgiveness	(2,146)	0	(2,146)	0	0	0
Loss (gain) on foreign exchange	2,869	0	2,869	377	0	377
Gain on sale of marketable securities	(393,790)	0	(393,790)	(240,729)	0	(240,729)
Mineral property interests written-off	10,972	23,718	34,690	0	17,587	17,587
Interest income	(286)	0	(286)	0	0	0
	<u>(382,381)</u>	<u>23,718</u>	<u>(358,663)</u>	<u>(240,352)</u>	<u>17,587</u>	<u>(222,765)</u>
Loss Before Income Tax	<u>(783,291)</u>	<u>(23,718)</u>	<u>(807,009)</u>	<u>(43,988)</u>	<u>(259)</u>	<u>(44,247)</u>
Future income tax recovery	(19,600)	0	(19,600)	(10,788)	0	(10,788)
Net Loss for the Period	<u>(802,891)</u>	<u>(23,718)</u>	<u>(826,609)</u>	<u>(54,776)</u>	<u>(259)</u>	<u>(55,035)</u>
Other Comprehensive Income						
Unrealized loss (gain) on available-for-sale securities	45,499	0	45,499	(75,512)	0	(75,512)
Comprehensive Loss for the Period	<u>(757,392)</u>	<u>(23,718)</u>	<u>(781,110)</u>	<u>(130,288)</u>	<u>(259)</u>	<u>(130,547)</u>

17. SUBSEQUENT EVENT

On July 19, 2011, the Company closed a non-brokered private placement of 12,917,999 units at a price of \$0.35 per unit for gross proceeds of \$4,521,300. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company for a period of two years from the closing date of the offering at an exercise price of \$0.60 per common share. The warrants have an accelerated expiry provision providing for a shortened exercise period if after four months after the warrants are issued, for a period of ten consecutive trading days the weighted average closing price of the Company's common shares on the Exchange exceeds \$0.90. In such event, the Company may give notice that said warrants will expire thirty days from the date of the notice, unless previously exercised by the purchaser. The Company has paid finders' fees to certain arms length groups totaling \$244,665 and 699,043 warrants. The warrants have the same terms as those associated with the units pursuant to the policies of the TSX Exchange